

COWLITZ COUNTY COMBINED SPECIAL PURPOSE DISTRICTS
Cowlitz County, Washington
January 1, 1991 Through December 31, 1993

Schedule Of Findings

1. Cowlitz County Fire District No. 4 Should Improve Its Cash Receipting And Depositing Procedures

During our audit of the district's internal controls, we found the following significant weaknesses:

- a. Weak Cash Receipting Procedures) The district did not issue cash receipts, nor maintain adequate supporting documentation for cash received during the audit period. Without using prenumbered receipts, it is impossible to establish that all district cash collections were properly deposited. Additionally, failure to install an adequate cash receipting system violates RCW 43.09.200, which states in part:

The state auditor . . . shall formulate, prescribe, and install a system of accounting and reporting . . . The system shall exhibit true accounts and detailed statements of funds collected, received and expended . . . The accounts shall show . . . all receipts . . . and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction

- b. Deposits Not Made According To Law) Beginning January 1, 1992, the district ceased depositing all receipts with the Cowlitz County Treasurer. Alternatively, the district commenced depositing most funds into a commercial bank account in violation of Washington law. RCW 43.09.240 states:

Every public officer and employee, whose duty it is to collect or receive payments due or for the use of the public shall deposit such moneys collected or received by him or her with the treasurer of the taxing district once every twenty-four consecutive hours. (Emphasis ours.)

- c. Bank Reconciliations Not Performed) Reconciliations of bank statements to the district's check register were not performed for the period March 1992 through July 1993. When bank accounts are used for authorized revolving funds, reconciliations are necessary to ensure that all district transactions are properly recorded. Sound business practices also include segregation of duties between the individual maintaining the check register and the person performing reconciliations. However, a better alternative in this case, is to deposit all district funds with the Cowlitz County Treasurer and make disbursements using the county auditor.

District officials were apparently unaware of proper internal control procedures, and the

legal requirements for cash handling and depositing. Failure to follow these guidelines unnecessarily exposes the district to the risk of loss. Taken together, the conditions described above indicate significant and pervasive cash control problems. Therefore, we were unable to satisfy ourselves that all the district's receipts were completely recorded and deposited.

We recommend that district officials take action to correct the above weaknesses and strengthen internal controls.

2. Cowlitz County Fire District No. 4 Did Not Comply With The Open Public Meetings Act

Board minutes for 1991 were not recorded. RCW 42.32.030 states:

The minutes of all regular and special meetings except executive sessions of such boards, commissions, agencies or authorities shall be promptly recorded and such records shall be open to public inspection.

District officials state that at the time they were unaware of the legal requirement to record board minutes.

Without access to the board minutes, the public has no official record of the proceedings of the board meetings for 1991. Actions taken at such meetings could be challenged. They resumed recording board minutes in January 1992.

We recommend the district continue to keep minutes of their meetings according to the requirements of law.